United Nations A/60/7/Add.4*

General Assembly

Distr.: General
28 October 2005

Original: English

Sixtieth session
Agenda item 124
Proposed programme budget for the biennium 2006-2007

United Nations Institute for Training and Research

Fifth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance copy of the report of the Secretary-General on the financial viability of the United Nations Institute for Training and Research (UNITAR) (A/60/360). The Advisory Committee also considered the status of implementation of 15 recommendations made by the Board of Auditors with respect to UNITAR for the biennium 2002-2003 (A/60/113, paras. 452 to 485).

2. The report of the Secretary-General on UNITAR was submitted pursuant to General Assembly resolution 59/276 of 23 December 2004, in section X of which the Secretary-General was requested to provide to the General Assembly at its sixtieth session, and prior to the introduction of the proposed programme budget for the biennium 2006-2007, a comprehensive report on all aspects of the financial situation of the Institute, including proposals which would address the long-term, sound and predictable funding of rent and maintenance costs (resolution 59/276, sect. X, para. 4).

3. The Advisory Committee notes that the objective set by the Board of Trustees of UNITAR in 1994, to bring the fund balance of the General Fund to at least $1,000,000, has been reached, with a balance of $1,135,748 as at 31 December 2004 (A/60/360, para. 11). The fund balance for the Special Purpose Grants Fund was $8,564,689 as at 31 December 2004; funds relating to it have been earmarked for specific projects (A/60/360, para. 12).

4. With regard to support costs, the Committee notes that the Institute is charging 13 per cent (overhead) to programme grants whenever possible and that the average rate of overhead reached more that 11 per cent in 2004 (A/60/360, para. 14). In this respect, the Committee notes that owing to the expansion of the special purpose grants and the increase in programme support costs paid by the programmes to the General Fund, the general financial situation of the Institute has improved. In fact,

* Reissued for technical reasons.

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the excess of income over expenditure for the General Fund was over $400,000 as at 31 December 2004 (A/60/360, para. 10). **The Committee trusts that the application of the 13 per cent charge will continue to be made whenever possible.**

5. The Secretary-General reiterates his position that the General Assembly should consider, in the light of the training programme for international cooperation and multilateral diplomacy, an annual subvention to UNITAR from the regular budget of the United Nations in an amount equivalent to the amount of annual rental, maintenance and other administrative costs associated with conducting the core training programme for the previous year (A/60/360, para. 23). This follows the decision of the Board of Trustees of UNITAR at its forty-third session in which it maintained its request to have such costs, currently covered by the General Fund, borne by the regular budget of the United Nations (A/60/360, para. 17). It should be noted that the UNITAR General Fund budget approved for the biennium 2004-2005 includes rent and maintenance costs in New York and Geneva in the amount of $420,500 (A/60/360, para. 20). The Committee inquired why rental costs have not been paid and was informed by the Institute that payment of these costs is pending the decision of the General Assembly.

6. The Advisory Committee notes from the report that the Secretary-General is not in a position to propose a waiver or reduction of the rental rates and maintenance costs charged to UNITAR without the express decision of the General Assembly (A/60/360, para. 4). **The Committee reiterates the statement contained in its previous report (A/58/7/Add. 10, para. 12) that providing UNITAR with an annual subvention is a policy matter to be decided by the General Assembly. Should the General Assembly decide that the Institute should be provided with a subvention in the full amount proposed by the Secretary-General, an additional provision over and above the resources proposed under section 28, Management and support services, of the proposed programme budget for 2006-2007 would be required. This provision would represent a charge against the contingency fund.**

7. The General Assembly has been dealing with the matter of the training programme of UNITAR since at least 1987 (see resolution 42/197 of 11 December 1987, sect. I.A, para. 3). Most recently, in its resolution 59/276, the General Assembly stressed the importance of maintaining the current level of the training programmes of the Institute and requested the Board of Trustees to make every effort to ensure that in 2005 the level of training programmes would be maintained (resolution 59/276, sect. X, para. 2). **The Committee recommends that the Board of Trustees initiate a comprehensive evaluation and analysis of its training programme, perhaps with the assistance of available in-house services provided by the Office of Internal Oversight Services, with a view to managing the overall programme in a viable manner.**

Implementation of the recommendations of the Board of Auditors

8. The Committee reviewed the status of implementation as at 31 May 2005 of the recommendations of the Board of Auditors for the biennium 2002-2003, as presented in the consolidated report of the Board (A/60/113). Of the 15 recommendations made by the Board of Auditors with respect to the accounts of UNITAR for the biennium 2002-2003, the Board noted that UNITAR had implemented 1 (6 per cent), while 7 (47 per cent) were under implementation and 7

(47 per cent) had not been implemented (A/60/113, para. 452 and table 1). Upon enquiry, the Institute provided further details with regard to the status of implementation of recommendations of the Board of Auditors (see annex). The Committee looks forward to the follow-up report of the Board of Auditors, which will determine the actual progress made. **The Advisory Committee trusts that the implementation of audit recommendations will be approached as a matter of priority by the Administration of UNITAR in its day-to-day management.**

9. The Advisory Committee was provided with detailed information regarding the geographical distribution of UNITAR staff. As at 31 December 2004, UNITAR employed 37 staff members, 22 women and 15 men. The geographical distribution is as follows:

Table 1
Geographical distribution of UNITAR staff

France	8 staff members	8
United States of America	5 staff members	5
Canada, Germany	4 staff members each	8
Japan, Switzerland, United Kingdom of Great Britain and Northern Ireland	2 staff members each	6
Austria, Belgium Haiti, Hungary, India, Kenya, Lebanon, Mauritania, Pakistan, Philippines	1 staff member each	10
		37 staff members

10. The Committee notes from the report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2002-2003 (A/60/113, paras. 459-460), that UNITAR agreed with the Board's recommendation that it increase its efforts to comply with its Statute and with the instructions regarding the geographical distribution of staff. **UNITAR indicated that it "considers the Board of Auditor's recommendation in this respect implemented". However, the Advisory Committee believes that the statistics provided by the Institute (see table above), clearly demonstrate that declaring this audit recommendation implemented was premature. The Advisory Committee expects that the UNITAR Administration will redouble its efforts to achieve a more balanced geographical distribution. The Committee also trusts that the Board of Auditors will follow up on the matter.**

11. The Advisory Committee notes that the Board of Auditors concluded that funding sources remain fragile and highly dependent on the level of activity of the Institute and the interest of donors in its projects (A/60/113, para. 453). UNITAR agreed with the Board's recommendation that it take appropriate steps to find a viable solution for the funding of its General Fund expenditures, as recommended by the General Assembly (A/60/113, para. 451). In this respect, the Advisory Committee notes that the nature of the work of UNITAR is such that it can be structured and planned well in advance, and is not crisis or emergency-driven; financial requirements can therefore be ascertained with sufficient lead time. The Committee also notes that annexes I, II and III to the report of the Secretary-General

(A/60/360) demonstrate the fluctuating and recently declining levels of voluntary contributions to the General Fund.

12. The Advisory Committee notes from the report of the Secretary-General that, despite the fund-raising efforts of the Institute, voluntary contributions to the General Fund over the last four years are at a modest level. The Institute indicated that it was "continuing the battle" to increase voluntary contributions from Governments, but that the task was time-consuming and the results modest. The Institute pointed out that "the Permanent Missions of each Member State are systematically and personally approached twice a year" and that the Institute, therefore, considered the related recommendation of the Board of Auditors implemented. The Advisory Committee, however, believes that more needs to be done with regard to fund-raising activities. The Committee does not consider this recommendation implemented and trusts that the Board of Auditors will continue its follow-up. **The Committee therefore urges the UNITAR Administration to pursue fund-raising activities boldly, in a creative and forthright manner, in an effort to attract a steady flow of donor funds. The Committee looks forward to an update, during the next biennium, on the success of the Institute's new approach to fund-raising.**

13. With regard to measures relating to actual and potential instances of fraud, the Board of Auditors referred in paragraphs 481 to 483 of its report (A/60/113) to its recommendation that UNITAR develop, document and implement a plan against the risk of internal corruption and fraud, including fraud-awareness initiatives, in coordination with the Administration of the United Nations and of the funds and programmes to obtain the benefit of best practices, where available. The Institute responded that it was investigating the matter. The Board of Auditors noted that no action had been taken so far to implement its recommendation. **The Advisory Committee trusts that the Administration of UNITAR will initiate measures to ensure compliance with United Nations system-wide efforts in this respect. The Committee expects that the Institute will undertake concrete steps to develop, document and implement a plan against the risk of internal corruption and fraud, including fraud-awareness initiatives, as specifically recommended by the Board of Auditors.**

Annex

Status of implementation of the recommendations of the Board of Auditors: details provided by UNITAR to the Committee, upon enquiry[a]

Recommendations implemented

Paragraph 23. During the biennium 2004-2005 the income received is significantly in excess of expenditure. Indeed, these excellent results are due to the expansion of the special purpose grant fund and the UNITAR policy of insisting on a programme support cost rate of 13 per cent. UNITAR is also continuing the battle to increase voluntary contributions from Governments. However, the task is time-consuming and the results modest. In fact the Permanent Missions of each Member State are systematically and personally approached twice a year. This recommendation is considered implemented.

Paragraph 38. The agreement with the United Nations Office at Geneva (UNOG) has been signed in September 2005, this recommendation is now implemented.

Paragraph 73. Geographical distribution — UNITAR has made significant efforts in this area. As far as possible UNITAR is recruiting from countries that are underrepresented. UNITAR considers this recommendation implemented.

Paragraph 80. Previously reported as implemented.

Recommendations under implementation

Paragraphs 36 and 48. Three recommendations under implementation concern disclosures in the financial statements. UNITAR has taken these recommendations fully into consideration and will implement them when the financial statements for the biennium 2004-2005 are prepared. Therefore, these recommendations will become implemented in spring 2006. (The auditors cannot consider them as implemented until the biennium accounts are produced.)

Paragraph 56. UNITAR has established a provision for repatriation costs. A provision for after-service health insurance will be established shortly and charges will begin in 2005. This recommendation will be fully implemented before the end of 2005.

Paragraph 69. Recommendation: "As the financial situation of the General Fund is still a matter of concern, the Board reiterates its recommendation that UNITAR comply with its Statute by defining rules for admission to its core training programme and address urgently the issue of the discrepancies between the decline in contributions to its General Fund and the increase in industrialized countries' participation in its programme".

The Board of Trustees again considered this issue during its most recent sessions. It was decided to give priority to candidates from contributing countries, but not to exclude systematically those from non-contributing countries. Responsibility: Executive Director. Timetable: 2004-2007.

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[a] Paragraph numbers in the annex refer to paragraphs of *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5D* (A/59/5/Add.4).

Paragraph 77. Appointment of fellows. UNITAR has established a mechanism to clearly show the selection process involved in the recruitment of consultants. UNITAR will continue to work to improve the selection process for fellows. Timetable: 2005-2006.

Paragraph 85. Recommendation: "UNITAR agreed with the Board's recommendation to optimize more proactively the use of resources by cooperating further with other United Nations entities, particularly those engaged in training and research, including online learning."

UNITAR has been in contact with the United Nations University and the United Nations System Staff College to discuss e-learning. Positive replies have been received from both entities.

Paragraph 88. Anti-corruption and fraud plan. UNITAR has begun work in this area and will produce a plan before the end of 2005. UNITAR is a small organization. Strong systems and controls have been put in place to ensure correct recording of financial transactions with full transparency. All transactions are processed by at least two UNITAR staff members, including a certifying officer, and then all transactions are approved by UNOG. UNITAR considers these systems effective, but will develop these ideas in the planned report.

Recommendations not implemented

Paragraph 28. UNITAR maintains its position on this issue. The creation of a reserve is considered over-prudent and not in the best interests of UNITAR as a cash flow problem would be created resulting in each programme being cut back by 15 per cent and the funds would be returned to the donors, which in turn may cause reductions in future funding. In fact the ST/AIs are under review as part of the ongoing review of trust fund reform at United Nations Headquarters and, as part thereof, the 15 per cent guideline may also be revised.

Paragraph 51. Not yet implemented. This question concerns recosting policy for the budget of UNITAR to take into account exchange rate fluctuations. As the exchange rate has not changed significantly during the biennium 2004-2005 no recosting has been necessary.

Paragraph 82. Recommendations: "UNITAR agreed with the Board's recommendation to (i) review the current information and communication technology function to consider if it is appropriately staffed, (ii) improve its cooperation with other United Nations organizations to further benefit from system-wide experience, and (iii) adopt precise terms of reference for its information technology committee."

Consideration has been given to this area; however, a suitable solution has not yet been found. See also the comment of UNITAR on paragraph 85.